



United States
Office of Personnel Management
Retirement and Insurance Service

Benefits Administration Letter

Number: 98-109

Date: May 13, 1998

Subject: FERS Open Season Implementation Instructions

Background

This Benefits Administration Letter (BAL) provides guidance to agency human resources departments on administering the open season for employees to transfer to the Federal Employees Retirement System (FERS). It also provides information on the tools we are providing to assist agencies as you counsel your employees in making decisions regarding whether to transfer to FERS.

FERS Open Season

The FERS Open Enrollment Act of 1987 provides that a FERS open season be conducted from July 1, 1998, through December 31, 1998. Generally, any employee who is covered by the Civil Service Retirement System (CSRS) or by CSRS Offset may elect to transfer to FERS during the open season. In addition, some employees who are covered by Social Security only may also elect FERS coverage. We will address employee eligibility in more specific terms elsewhere in this document.

The Act requires that the open season be conducted in accordance with Section 302 of the Federal Employees Retirement System Act of 1986, the original FERS Act. Regulations are being prepared and will be published shortly. They will generally parallel the original open season regulations and the current regulations that govern ongoing FERS election opportunities, with only minor changes to facilitate administration.

With few exceptions, the standing instructions for handling transfers to FERS that are in chapters 11 and 81 of the *CSRS and FERS Handbook for Personnel and Payroll Offices* apply to the open season. We have attached to this letter Chapter 11 and the pertinent portion of Chapter 81 from the CSRS/FERS Handbook. Similarly, you should follow the instructions from the *Guide to Processing Personnel Actions* for processing the SF-50 to document a transfer to FERS, using the open season codes elsewhere in this document. There are, however, unique aspects to an open season, such as the need to notify employees who may not be in a duty status, for example because they have been injured on the job and are receiving workers' compensation. These unique aspects and points warrant emphasis that is addressed elsewhere in this document.

Agency Responsibilities

We request that you provide notice to all eligible employees of their opportunity to transfer to FERS during the open season by June 15, 1998. This notice may be in whatever form you deem appropriate, including distribution of paper or electronic copies of the FERS election form, SF 3109. You should also make the *FERS Transfer Handbook* and the FERS Transfer Model available to all eligible employees by June 15, 1998.

Agencies need not distribute a paper copy of the *Transfer Handbook* to each employee, but each eligible employee who does not receive a paper copy must have ready access to the Handbook through some other means, such as your agency local area network (LAN), wide area network (WAN), Intranet, or other electronic media. Advise employees with Internet access that they may view or download the Handbook from the Internet at www.opm.gov/fers_election. It will also be distributed to all agencies on a CD-ROM as described in BAL 98-107.

The Handbook will be the primary tool employees will use in making their decisions. For most employees, reading the comparison of benefits under the two systems and some of the scenarios contained in the Handbook will provide all the information they need to make a decision. In most cases, using the FERS Transfer Model will simply confirm their decisions.

The FERS Transfer Model, which is a computer model that enables employees to compare their projected benefits under CSRS and FERS, will be available on the web as of May 15, 1998. It, too, will be on the CD-ROM described in BAL 98-107. As with the *Transfer Handbook*, it should be made readily available for use by all eligible employees. This revised model is a user-friendly, interactive, Windows-based version that employees can use themselves or with agency assistance to compare and contrast benefits under both systems.

If you cannot make the Transfer Model available to some employees, the FERS Open Enrollment Act requires that you offer them the opportunity to request a CSRS/FERS transfer comparison. You also need to provide assistance to any employees who need it to do comparisons.

For some employees, an important part of using the transfer model and doing a CSRS/FERS transfer comparison is having their current Social Security data on hand as part of the input to the model. Some employees may already have this information because the Social Security Administration began a phased in mailing of Personal Earnings and Benefits Estimate Statements (PEBES) to workers in 1995. We will provide information in a BAL by May 15 on this mailing and how your employees can request a PEBES from the Social Security Administration to receive their own data. The BAL will also advise employees on how to interpret the estimate of Social Security benefits on the statement. (Information on how to request a PEBES is also in the *FERS Transfer Handbook*.)

The Act also requires that agencies provide counseling to employees who request it. The counseling should afford employees with information on the two systems and emphasize that they need to take their individual circumstances into account to make an informed decision. **However, under no circumstances, should agency personnel voice an opinion on whether the**

employee should transfer to FERS. The May 28 satellite broadcast described in BAL 98-107 will give further guidance and include tips on how to counsel employees about their election opportunities.

Finally, all agencies will be required to report on the implementation and outcome of the FERS open season. We will provide the reporting requirements in a separate BAL by June 15.

Eligible Employees

Generally, any active employee who was covered by CSRS or CSRS Offset on January 1, 1998, is eligible to transfer to FERS during the open season, including reemployed annuitants and employees whose CSRS coverage is due to continuity of service from a normally covered appointment to one that would normally not be covered, e.g., a temporary or term appointment.

Employees serving under indefinite, term, and TAPER (Temporary Appointments Pending Establishment of Register) appointments may also transfer to FERS during the open season. Although these employees are excluded from CSRS coverage, they are not excluded from FERS and may elect to be so covered. Employees in non-duty status on leave without pay (LWOP) or receiving workers' compensation from the Department of Labor may elect to transfer to FERS. Employees who are **detailed** to international organizations or to State or local governments may also elect FERS.

Note: While the open season opportunity is limited to people who were employees **on** January 1, 1998, the law creating the open season does not affect the regular opportunity of employees who are reinstated or converted to qualifying appointments after January 1, 1998 for the normal personal 6-month opportunity to elect FERS. See the attached copy of Chapter 11 of the *CSRS and FERS Handbook*.

Employees who are in a non-duty status have the same eligibility to transfer to FERS during the open season as employees who are in a duty status, so you have the same obligations to them as you have to employees who are in an active status. Employees' elections must be processed promptly regardless of whether they are in a duty or pay status. For example, an employee who is on extended sick leave because of a terminal illness may decide that the FERS disability and death benefits are more to his or her advantage than remaining under CSRS.

Ineligible Employees

There are some categories of employees that are not eligible to transfer to FERS. Included are: non-Federal employees who are covered by CSRS where the legislation covering them refers only to chapter 83 of title 5, e.g., most employees of the District of Columbia. If your agency services one of these groups and you are not sure whether these employees are eligible to transfer, please contact your liaison person in the Agency Services Division for assistance.

Employees who are serving in temporary appointments covered by Social Security only are not eligible to elect FERS. Nor can employees on intermittent appointments other than career or

career-conditional. Federal employees who are covered by retirement systems other than CSRS are not eligible to elect FERS. Finally, employees who are not eligible for Social Security (principally, non-resident aliens) may not elect FERS coverage.

Employees who separated to work in international organizations and are still contributing to CSRS are not eligible to transfer to FERS during the open season, but will have a personal opportunity to do so upon returning to Federal service.

If an employee is incompetent or otherwise unable to make an election (e.g., the employee is in a coma), no one else may elect FERS coverage on his or her behalf. The right to elect FERS is a personal right that only the individual affected may exercise. This right cannot be delegated to another individual through guardianship, conservatorship, or power of attorney. The employee must personally sign the SF 3109 electing FERS; otherwise, the employee remains in CSRS.

Distribution of FERS Election Forms

FERS election forms, SF 3109, should be distributed to all eligible employees by June 15, 1998. Timely distribution of the election forms and notice of accessibility of the *Transfer Handbook* and the transfer model is crucial because elections to transfer are effective the first day of the pay period following receipt by the employing agency, and some employees will want to transfer as soon as possible after July 1.

Along with the SF 3109, there should be a cover letter similar to the suggested employee letter attached to this BAL, explaining the open season, the availability of the *Transfer Handbook* and the Transfer Model, how to seek assistance, and how to make an election. You should modify the employee letter to accommodate your agency's methodology for implementing the open season.

The SF 3109 is a three-part form. The first part, Copy 1, is designed as a receipt that the employee would sign to acknowledge that he or she has received the election form. At your discretion, you may request that the employee sign and return the receipt copy, but there is no requirement to do so for the open season.

Filing the Election Forms

In the same vein as above, it is at your discretion to maintain a file of receipt copies or not. If you decide to maintain such a file, you may do so in whatever manner is best suited for your system.

Consent of Former Spouse

Under certain circumstances, an employee must obtain a former spouse's consent to transfer to FERS. The consent requirement applies when:

1. A qualifying court order awards a portion of the CSRS annuity or CSRS survivor benefits to a former spouse; AND

2. The court order is on file at OPM; AND
3. The former spouse is still alive; AND
4. The former spouse has not remarried before age 55.

Agencies are not responsible for knowing whether an employee needs to obtain a former spouse's consent to transfer to FERS. However, when an employee's SF 3109 indicates that a court order is on file with OPM, you are responsible for correct processing of the transfer.

If an employee checks the block on the SF 3109 indicating that a qualifying court order is on file at OPM, the employee must obtain the former spouse's consent with his or her signature on a properly completed SF 3110, Former Spouse's Consent to FERS Election. If an employee doesn't know whether a qualifying court order is on file with OPM, he or she can request that OPM determine if it has an order. An employee can also request an extension of the election period to obtain a modification of the court order, and, under very limited circumstances, a waiver of the consent requirement. These requests must be made on a SF 3111, Request for Waiver, Extension, or Search. Details are in chapter 11 of the *CSRS and FERS Handbook*.

Where there is a qualifying court order or the employee requests a search by OPM for a court order, the election will not be considered received in the employing office until the date that you receive the SF 3110 or OPM approves waiver of the consent requirement.

Effective Date of Election

The SF 3109, Election of Coverage, tells employees to indicate whether they want to transfer to FERS or stay in CSRS. Again, it is your decision whether to encourage eligible employees to make an election of one of the two systems, even if they choose to remain in CSRS. There is no requirement that an employee file an election in order to stay in CSRS.

Elections to transfer to FERS are effective on the first day of the first pay period following receipt of the election form in the employing agency. However, any signed writing timely filed with the employing office may be used as an informal election to establish the date of the election, and thus the effective date of FERS coverage, as long as the employing office subsequently receives a completed SF 3109.

Remember, if an employee's election form indicates that he or she has a qualifying court order awarding benefits to a former spouse, the election cannot become effective until the first day of the pay period following receipt of a SF 3110 signed by the former spouse. The same is true for a SF 3111 filed to request a search, extension or waiver of the former spouse consent requirement. The election cannot become effective until after the employee resolves the former spouse consent issue.

Since FERS elections are irrevocable, employees need to consider carefully an election to transfer to FERS. An employee may withdraw an election that was submitted but has not become

effective. In addition, if an employee submits an election to stay in CSRS, he or she may submit an election to transfer to FERS later in the open season. However, an employee cannot change an election to transfer to FERS once the election becomes effective. An election to transfer to FERS must be received in the employing agency by close of business on December 31, 1998.

Processing the Transfer Personnel Actions

The personnel action forms, SF-50's or equivalent, should be processed in accordance with the *Guide to Processing Personnel Actions*, with the following special considerations. The Legal Authority Code in Block 5c should be "ZSE". The Legal Authority in Block 5d is Public Law 105-61. Finally, you should enter in the Remarks Section the remarks for Rule 10, Authority Code ZSM, in Table 28 of the *Guide to Processing Personnel Actions*, plus "Sick Leave Balance": (enter yrs and mos). This is the employee's sick leave balance as of the day before the effective date of FERS coverage.

Designations of Beneficiary - TSP Election

Designation of beneficiary forms (SF 2808) that employees have filed under CSRS are cancelled when they transfer to FERS. You should inform your transferring employees that they should complete a FERS designation of beneficiary (SF 3102) if the standard order of precedence will not meet their needs.

You should also inform all transferring employees that they have a 30 day period, beginning on the effective date of FERS coverage, during which they may start Thrift Savings Plan (TSP) contributions, change their contribution rate, or stop TSP contributions.

A sample employee letter discussing these issues will be available in the administrators' portion of the web site and the CD-ROM.

Belated Elections

Provisions for belated elections will be covered in the FERS open season regulations. We will provide the regulations to you upon their publication.



Mary M. Sugar, Chief
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Attachments

Sample Employee Letter

If you are covered by the Civil Service Retirement System (CSRS), including CSRS Offset, you can change from the CSRS to the Federal Employees Retirement System (FERS) during a special “open season” that has been authorized by the FERS Open Enrollment Act of 1987. In addition, certain employees who are covered by Social Security only may also elect FERS coverage.

The open season will run from July 1, 1998 through December 31, 1998. Your decision whether to stay with CSRS or transfer to FERS is important, and you need to consider it carefully. If you elect FERS, it is an irrevocable decision that cannot be changed, so you should make every effort to understand which system is better suited to your personal situation. You need not rush; the period for choosing FERS lasts until December 31, 1998.

The CSRS and FERS are both good retirement systems. They are also very different systems, and you shouldn't automatically assume that one is better for you than the other. Both systems allow you to participate in the Thrift Savings Plan (TSP), but FERS provides for matching Government funds.

This letter transmits a copy of SF 3109, Election of Coverage, and a copy of the *FERS Transfer Handbook* [or substitute instructions for accessing the handbook on the Internet or by using the CD-ROM].

The *FERS Transfer Handbook* - A Guide to Making Your Decision

The *FERS Transfer Handbook* has been prepared to give you information you need about CSRS and FERS so that you can decide whether to stay with CSRS or change to FERS. You should read the *Transfer Handbook* before you make your decision.

If you have access to the Internet, an electronic version of the *Transfer Handbook* is available on the U.S. Office of Personnel Management's (OPM) web site at www.opm.gov/fers_election. This version will walk you through the *Transfer Handbook*, leading you to the most pertinent sections first, depending on your individual circumstances. If you do not have access to the Internet, you can still use the electronic *Transfer Handbook* by [insert your agency's instructions on employee access to the CD-ROM version of the web site].

Both the FERS election web site and the CD-ROM have a computer Transfer Model that you can use to compare benefits under the two systems. The Model will take the individual information that you enter and, by using either the standard economic assumptions OPM has built into the Model or assumptions that you choose, project your benefits and costs under both systems.

Social Security Earnings Information

Social Security coverage is part of FERS. In making your decision whether to transfer to FERS, you may want to find out how much Social Security coverage you already have. You may know this already, or you may have received a Personal Earnings and Benefits Estimate Statement (PEBES) from the Social Security Administration (SSA), which lists your past Social Security covered earnings and provides an estimate of your future Social Security benefits. These earnings can be used in the FERS transfer model to produce a more accurate comparison of benefits. If you have not received a PEBES from SSA, you may request one on-line through their Internet web site, www.ssa.gov. You may also request one by completing a form that you can obtain from [insert location of office distributing PEBES request forms].

Making Your Decision

If you decide to transfer to FERS, take your completed election form to (). If you transfer to FERS, your transfer will be effective on the first day of the first pay period after you turn in your election form.

If you decide to stay in CSRS, you may change your decision at any time during the open season by submitting an election form by December 31, 1998. If you elect to transfer to FERS, you may change your election by rescinding it before the date it becomes effective. Once it becomes effective, however, you cannot change an election to transfer to FERS.

Special Thrift Savings Plan Election Opportunity

If you transfer to FERS, you will have 30 days from the date of your transfer to make a new TSP election. During these 30 days, you may start, change, or stop your TSP contributions. This is an extra opportunity which is in addition to the regular TSP open seasons.

Former Spouse's Consent to Election

Do you have a former spouse to whom a qualifying court order, on file at OPM, awards a portion of your annuity or survivor benefits based on your Federal service under CSRS? If so, you must get your former spouse's consent to elect FERS coverage unless your former spouse remarried before age 55. You can get a copy of SF 3110, Former Spouse's Consent to FERS Election at (). This is also where you should go for instructions on how to find out if a court order is on file at OPM, how to request a waiver of the consent requirement (granted under very limited circumstances), and how to request an extension of the election deadline in order to modify a court order.

Where to Go for Additional Information

If you have questions that aren't answered by the *Transfer Handbook* or OPM's web site, you may contact (insert your agency's point of contact for answering open season questions). He or she can also assist you with using the Transfer Model if you have questions.

There will be a satellite broadcast sponsored by OPM on June 24 that will compare and contrast FERS and CSRS benefits, discuss Social Security benefits that some employees might gain by transferring to FERS, cover Thrift Savings Plan issues of interest to people with the opportunity to transfer, and demonstrate use of the FERS Transfer Model. The broadcast will include representatives from OPM, the Social Security Administration and the Federal Retirement Thrift Investment Board. You may view this broadcast at [give time and location of broadcast downlink for employee's location].

Remember, only you can make your transfer decision. We can give you information, but we can't make a decision for you or tell you what we think you should do -- it's your decision.

[Agencies can add optional paragraphs concerning any briefings they may give. If some employees do not have access to the FERS transfer model, include information on how to obtain a comparison from your human resources department.]

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Subchapter 11A FERS
Part 11A1 General Information**Section 11A1.1-1 Overview**

A. Introduction

Employees who are covered by CSRS and certain others who have performed service that is creditable under CSRS may elect FERS coverage. This subchapter explains the circumstances under which employees may elect FERS coverage and explains how service before the date of a transfer to FERS is credited.

Because there is no provision for electing CSRS coverage, this chapter applies only to FERS elections. There is no CSRS subchapter on elections of coverage.

B. Topics Covered

This subchapter covers:

- Employee eligibility requirements to elect FERS coverage;
- Procedures an employee must follow to elect FERS;
- Procedures an agency must follow to process a FERS election;
- How a court order entitling a former spouse to benefits may affect an election of FERS;
- Belated FERS elections;
- Deemed elections of FERS coverage;
- Due process procedures for adverse decisions;
- The effect of an election of FERS coverage;
- Historical information about the FERS Open Season.

This subchapter does not cover elections of FERS coverage for senior officials. (See Chapter 101, Special Retirement Provisions for Senior Officials.)

Section 11A1.1-1 Overview (Cont.)**C. Organization of Subchapter**

This subchapter has nine parts.

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D. Statement of Authority

This subchapter is based on the laws and regulations cited below.

- Public Law 99-335, as amended
 - United States Code: 5 U.S.C. Chapter 84
 - Code of Federal Regulations: 5 CFR Part 846
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Part 11A2 Employee Eligibility to Elect FERS

Section 11A2.1-1 Elections of FERS

A. Employees Who May Elect FERS

1. An election of FERS coverage may be made by employees (including reemployed annuitants) who are reemployed after a break in service of more than 3 days, and:
 - Who are covered by the Civil Service Retirement System (CSRS, including CSRS Offset); or
 - Whose appointment is excluded from CSRS coverage but not from FERS coverage (for example, term appointments, TAPER, and certain indefinite appointments).

NOTE: This includes employees who return to duty following a break in service during which they were receiving workers' compensation under the Federal Employees' Compensation Act, even though the period of separation is considered a leave of absence for retirement purposes.

2. An election of FERS coverage may also be made by employees who:
 - Convert from appointments excluded from FERS coverage (such as temporary appointments not to exceed 1 year) to appointments that are not excluded and who do not automatically have FERS coverage upon conversion; or
 - Become eligible for Social Security coverage; or
 - Enter a senior official position with mandatory Social Security coverage (see Handbook Chapter 101 for additional information).
-

B. Employees Who May Not Elect FERS

The following employees may not elect FERS coverage:

- An employee or reemployed annuitant whose appointment is excluded from FERS coverage by law or regulation, such as a temporary (NTE 1 year) or an intermittent appointment other than career or career-conditional;
- An employee who is ineligible for Social Security coverage (such as non-resident foreign national employees);
- An employee of the government of the District of Columbia;

Section 11A2.1-1 Elections of FERS (Cont.)

- B. Employees Who May Not Elect FERS (Cont.)**
- An employee who has missed the election period for electing FERS coverage (1 year from appointment or conversion). (See Part 11A5, Belated Elections, for additional information); or
 - A Member of Congress who previously elected by written notice not to participate in FERS; he or she may not elect FERS during the same continuous period of service.
-
- C. Election Period**
- An eligible employee may elect FERS coverage during the 6-month period following the date he or she first becomes subject to an appointment described in paragraph A above. (See Part 11A3 for election procedures.)
- An employee may have more than one opportunity to elect FERS coverage. Employees have a new opportunity to elect FERS coverage each time they return to the Federal service after a break in service of more than 3 days and fall under any of the categories in paragraph A.
- Once an employee becomes subject to FERS by election, he or she resumes FERS coverage in all future Federal employment, unless the future appointment is excluded from FERS coverage by law or regulation.
-
- D. Effective Date of FERS Election**
- An election of FERS coverage is effective the first day of the pay period beginning after the date the election and any required supporting documents (such as the former spouse's consent) are received by the employing agency.
- A court order awarding benefits to a former spouse may delay the effective date of the FERS election. (See Part 11A4, Court Orders Affecting An Election of FERS Coverage, for additional information on court orders.)
- A FERS election takes effect only if the individual is an employee on the effective date of the election.
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- E. Withdrawing a FERS Election**
- An employee may withdraw a FERS election before it becomes effective. **Once effective, an election of FERS coverage is irrevocable.** (See Part 11A3, Election Procedures, for additional information on election procedures.)
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Part 11A3 Election Procedures**Section 11A3.1-1 Employing Office Responsibilities**

- A. Providing Election Opportunity** When making or converting an appointment, the employing agency must determine whether the employee is eligible to elect FERS. (See Part 11A2, Employee Eligibility to Elect FERS, for who is eligible to elect FERS coverage.) If the employee is eligible to elect FERS coverage, the agency must provide the employee with a Standard Form 3109, Election of Coverage (formerly OPM Form 1555), and a copy of the RI 90-3, FERS Transfer Handbook. In addition, the agency should include a statement regarding the FERS election opportunity in the remarks section of the Standard Form 50, Notification of Personnel Action, documenting the appointment. Model language for this statement follows:

Eligible to elect coverage under the Federal Employees Retirement System (FERS) within 6 months of the effective date of this personnel action.
SF 3109 provided to employee.

- B. Processing the Election of Coverage SF 3109** It is the responsibility of the employing agency to ensure that:
1. Each employee eligible to elect FERS coverage is notified of his or her election right, including all employees in a non-duty status.
 2. Receipt of the SF 3109, Election of Coverage, by the employee is documented in the employee's Official Personnel Folder (OPF). Acceptable documentation includes:
 - A statement of receipt signed by the employee (part 1 of the SF 3109) or
 - A document signed and dated by the agency employee who gave the SF 3109 to the employee, that verifies the employee's receipt of the SF 3109, and explains the reasons for the use of the document in lieu of part 1 of the SF 3109 (for example, in a situation where the employee refused to sign part 1 of the SF 3109); or
 - A signed postal return receipt showing that the SF 3109 was received at the employee's address.
 3. When it receives the completed Part 2 (OPF copy) of the SF 3109, it places the form as a permanent record on the right side of the employee's OPF.

Section 11A3.1-1 Employing Office Responsibilities (Cont.)

- C. Showing the FERS Election on the SF 50** If the employee elects FERS coverage, the employing agency must show the change in retirement plan on the SF 50, according to instructions in The Guide to Processing Personnel Actions (formerly FPM Supplement 296-33).

If the employee will be eligible for an annuity with a CSRS component, the employing agency may include a remark on the SF 50 indicating the sick leave balance as of the effective date of the FERS election for future retirement counseling purposes.

NOTE: Instructions on "freezing" or redesignating employees' Standard Form 2806, Individual Retirement Record, are contained in Chapter 81, Individual Retirement Records and Registers of Separations and Transfers.

Section 11A3.1-1 Employing Office Responsibilities (Cont.)**D. Irrevocability of a FERS Election Agencies are not authorized to cancel an election of FERS coverage after it has become effective, regardless of the reason for the cancellation request.**

While a FERS election is irrevocable, in certain circumstances OPM may find an election of FERS coverage invalid. If an employee is found to have been mentally incompetent at the time of the election, the election may be invalidated. (In effect, an "election" by an incompetent person is deemed not to be an election since the capacity to make a rational choice did not exist.) Further, an election of FERS coverage may be invalidated if the employee is found to have a court order acceptable for processing on file with OPM at the time the election was made and he or she did not obtain the former spouse's consent to the election of FERS coverage. (See Part 11A4, Court Orders Affecting An Election of FERS Coverage, for additional information regarding court orders acceptable for processing.)

If the employee did not elect FERS, but was erroneously placed in FERS coverage due to an agency error, the current employing agency can correct the error. (See Part 11A6, Deemed Elections of FERS Coverage, for further information on correcting FERS coverage errors.)

E. Advising Employees of Effect of FERS Elections

The employing agency is responsible for counseling employees regarding the effect of their election of FERS coverage on future retirement benefits. An employee considering electing FERS coverage should be aware of how the election will affect his or her retirement benefit, especially service already performed that may become subject to FERS rules. For additional information regarding how service performed prior to the election of FERS coverage is credited, see Part 11A8, Effect of An Election of FERS Coverage.

Section 11A3.1-2 Employee Responsibilities

A. Forms(s) Needed to Elect FERS

The employee must submit an SF 3109, Election of Coverage, to the employing agency.

If there is a court order that would affect the election, the employee must also submit one of the following:

1. SF 3110, Former Spouse's Consent to FERS Election (formerly OPM Form 1556); or
2. SF 3111, Request for Waiver, Extension or Search (formerly OPM Form 1560).

NOTE: If the employee has a former spouse, it is important that he or she complete Section 5 of the SF 3109 accurately. If the employee answers "No" and it is later discovered that a court order was on file with OPM on the date of election of FERS coverage and the former spouse does not consent to the election, the election of FERS coverage will be voided. (See Part 11A4, Court Orders Affecting An Election of FERS Coverage, for additional information on court orders that affect a FERS election.)

B. Time Limits

The employee must submit the SF 3109 within 6 months from the date he or she is first eligible to elect FERS coverage. (See Part 11A2, Employee Eligibility to Elect FERS, for additional information.)

Requests for a waiver of the former spouse's consent requirement, an extension of time to elect FERS coverage in order to obtain a modification of a court order, or a search to determine if a court order acceptable for processing is on file with OPM must be made before the end of the 6-month period during which the employee would otherwise be eligible to elect FERS coverage. The employee must follow the instructions given in Part 11A4, Court Orders Affecting An Election of FERS Coverage.

Part 11A4 Court Orders Affecting an Election of FERS Coverage**Section 11A4.1-1 Court Orders Affecting an Election of FERS Coverage****A. General Requirement**

A court order is any judgement or property settlement issued by or approved by the court of any State, district or territory in connection with the divorce, annulment of marriage or legal separation of a Federal employee or retiree. For the purposes of an election of FERS coverage, the court order is acceptable for processing if it meets the requirements given in subparts C and H of part 838 of title 5, Code of Federal Regulations. For additional information concerning court orders that are acceptable for processing, see Chapter 5, Court Orders.

If an employee has a court order acceptable for processing that awards a portion of his or her retirement annuity or survivor benefits based on the employee's service, the employee must have the consent of the former spouse, if divorced, or current spouse, if legally separated, in order to elect FERS coverage.

B. When a Former Spouse's Consent is Not Required

A former spouse's consent to a FERS election is not required if:

- There is no court order acceptable for processing on file at OPM that gives a portion of the employee's annuity or a survivor annuity to the former spouse; or
- The employee's former spouse remarried before reaching age 55, regardless of the terms of the court order and whether or not the former spouse is still married.

C. Requirements if a Court Order Awarding Benefits is on File with OPM

If a court order acceptable for processing is on file with OPM, and the former spouse is entitled to benefits, one of the following forms must be submitted along with the SF 3109:

- Written consent to election of FERS coverage from the former spouse on the SF 3110, Former Spouse's Consent to FERS Election, (formerly OPM Form 1556); or
- Request for extension or waiver of the consent requirement on the SF 3111, Request for Waiver, Extension or Search, (formerly OPM Form 1560) and the documentation to support the request as described in paragraphs D and E of this section.

Section 11A4.1-1 Court Orders Affecting an Election of FERS Coverage (Cont.)

D. Extension of the Election Period to Obtain Modification of the Court Order

An employee may request an extension of the election period from OPM on an SF 3111, Request for Waiver, Extension or Search. The employee must demonstrate to OPM's satisfaction that the extension is needed to obtain modification of a court order on file at OPM.

To request an extension, the employee should submit the SF 3111 along with the SF 3109 directly to the agency. Agency personnel should follow the processing instructions given on the reverse of the SF 3111. The application for extension is deemed to be filed with OPM on the date it is received in the employing office. The employing agency must promptly forward the request to OPM.

An extension granted by OPM expires 6 months after the date it was granted. A maximum of two extensions may be granted by OPM upon application by the employee.

To request a second extension, the employee must file an SF 3111 with the employing agency before the end of the first extension and have initiated legal proceedings to obtain a modification of the court order. When requesting an additional extension, the employee must demonstrate to OPM that he or she has exercised due diligence in seeking to obtain the modification of the court order.

E. Waiver of the Former Spouse's Consent Requirement

An employee may request OPM to waive the requirement of the former spouse's consent by providing documentation that the former spouse's whereabouts are unknown, or that, due to exceptional circumstances, requiring the employee to obtain the former spouse's consent would be inappropriate. A request to waive the consent requirement must be submitted to the employing agency on an SF 3111 and must be accompanied by the following:

- SF 3109, Election of Coverage; and
- A judicial determination that the former spouse's whereabouts cannot be determined. In lieu of a judicial determination, the employee may submit three affidavits, one by the employee and two by other persons, at least one of whom is not related to the employee, attesting to the inability to locate the former spouse **and** stating the efforts made to locate the former spouse. The affidavits must be accompanied by documents, such as newspaper reports, that substantiate the former spouse's disappearance; or

Section 11A4.1-1 Court Orders Affecting an Election of FERS Coverage (Cont.)**E. Waiver of the Former Spouse's Consent Requirement (Cont.)**

- A judicial determination regarding the former spouse that would warrant waiver of the consent requirement based on exceptional circumstances. The judicial determination must show that (1) the case before the court involves a Federal employee who is in the process of electing FERS coverage, and (2) the former spouse has been given notice and an opportunity to be heard regarding the order, and (3) the court has considered sections 301 and 302 of the FERS Act (Public Law 99-335) and 5 CFR 846.202 as they relate to waiver of the former spouse's consent requirement to elect FERS coverage, and (4) the court finds that exceptional circumstances exist justifying a waiver of the former spouse's consent requirement.

The request for waiver is deemed to be filed with OPM on the date it is received in the employing agency. The employing agency must promptly forward the request to OPM.

F. Requesting a Search for a Court Order Acceptable for Processing

An employee may request that OPM determine whether a court order acceptable for processing is on file awarding a former spouse a portion of his or her retirement annuity or survivor benefits based on the employee's service by submitting an SF 3111 along with the SF 3109 to the employing agency.

The request for search is deemed to be filed with OPM on the date it is received in the employing agency. The employing agency must promptly forward the request to OPM.

G. OPM's Decision Regarding the Request for Waiver, Extension, or Search

Once an SF 3111 is forwarded to OPM for action, OPM will notify the employing agency of its decision regarding the request.

1. If the employee requested a search for a court order acceptable for processing and OPM does not have a copy of a court order acceptable for processing on file, its notification to the agency completes the employee's election of FERS coverage. The election becomes effective the beginning of the first pay period after the employing office receives OPM's notification.
2. If the employee requested an extension of the time to elect FERS coverage in order to obtain a modification of a court order acceptable for processing, OPM notifies both the employee and the employing agency of its determination regarding a request for extension.

Section 11A4.1-1 Court Orders Affecting an Election of FERS Coverage (Cont.)

**G. OPM's Decision
Regarding the
Request for
Waiver, Extension,
or Search (Cont.)**

3. If the employee requested a waiver of the requirement of the former spouse's consent, OPM notifies both the individual and the employing office of its decision. If the waiver is granted, OPM's notice to the employing office completes the individual's election of FERS coverage. The election becomes effective the beginning of the first pay period after the employing office receives OPM's notice that the waiver is granted.
-

Part 11A5 Belated Elections**Section 11A5.1-1 Eligibility Requirements**

A. Agency Authority Employing agencies may accept a belated election of FERS coverage up to 6 months after an employee's election opportunity ends if:

- The agency did not provide an SF 3109 in a timely manner; or
 - The agency did not provide a copy of the RI 90-3, FERS Transfer Handbook, to the employee in a timely manner; or
 - The employee was otherwise unable to make an election within the prescribed time limit due to causes beyond his or her control.
-

B. OPM Authority OPM does not have the authority to allow a **retroactive** election of FERS coverage, or a **belated** election of FERS coverage made after the 1-year period following start of the employee's opportunity to elect FERS.

OPM formerly allowed employees to make retroactive elections of FERS coverage if OPM determined that relief was necessary to assure that the employee had an opportunity to make an informed election. In 1993, the United States Court of Appeals for the Federal Circuit determined that OPM did not have the authority to allow retroactive belated FERS elections made after June 30, 1988, on the basis that the employing agency provided incomplete information to the employee, or that the employee was otherwise prevented from making an informed election by circumstances beyond his or her control (*Killip v. the Office of Personnel Management*), 991 F.2d.1564 (Fed. Cir. 1993)). Although the court decision technically applies only to elections that should have been made during the 1987 open season, the court's analysis is equally applicable to cases of employees rehired after the open season. OPM must deny any request to elect FERS coverage made beyond the 6-month period following the employee's statutory election period, regardless of whether the statutory election period was the 1987 open season, or the employee's 6-month opportunity after reinstatement or conversion of appointment.

For additional information on FERS elections for employees who were erroneously placed in FERS, see Part 11A6, Deemed Elections of FERS Coverage.

Section 11A5.1-1 Eligibility Requirements (Cont.)

- C. Effective Date of a Belated Election** The effective date of a belated election of FERS coverage accepted under the agency's authority is prospective (effective at the beginning of the first pay period after receipt of the employee's election). Neither the agency nor OPM is authorized to approve retroactive effective dates for FERS elections.
-
- D. Belated Elections that Are Not Permitted** Neither the agency nor OPM may allow belated elections (prospectively or retroactively) after the 6-month period provided for under paragraph A, above.
-

Part 11A6 Deemed Elections of FERS Coverage**Section 11A6.1-1 Deemed Elections of FERS Coverage**

A. Background

The United States Court of Appeals for the Federal Circuit in *Killip v. OPM*, 991 F.2d 1564 (Fed. Cir. 1993) determined that OPM lacks the authority to allow retroactive FERS elections made after June 30, 1988, by employees who had an opportunity to make a timely election, regardless of circumstances that may have prevented the employee from making an informed election. The court invalidated OPM's regulations under which OPM could allow retroactive FERS elections.

Although *Killip* addressed the case of an election that should have been made during the 1987 open season, the court's analysis is equally applicable to cases of employees rehired after the open season. The court decision does not address the situation of employees who were denied the right of election during the transfer periods provided by statute because they were automatically placed under FERS in error. To prevent the agency error from depriving such employees of their statutory right to have elected FERS coverage, these employees are deemed under OPM's regulations effective November 4, 1994, to have elected FERS coverage unless they notify the employing agency that they do not want FERS coverage.

B. Eligibility

Employees who were erroneously placed in FERS either on January 1, 1987, or upon a rehire or conversion effective after this date, who should have been placed in CSRS, CSRS Offset, or only Social Security with a 6-month opportunity to elect FERS coverage, are deemed to have elected FERS coverage under OPM's regulations. The effective date of the deemed FERS election is the later of the employee's entry-on-duty date or the beginning of the first pay period commencing after June 30, 1987. Employees who decline FERS coverage will not have another opportunity to elect FERS coverage unless they become reemployed in a position subject to FERS after a break in service of more than 3 days.

Agencies should advise employees that deemed elections are only permitted for employees who were eligible to elect FERS. The election period is either the July 1, 1987, through December 31, 1987, open season, or the rehired/converted employee's 6-month opportunity to elect FERS coverage. Therefore, if an employee has a former spouse who is entitled to a portion of his or her retirement annuity, or to survivor benefits, based on a court order dated **before** the end of the employee's election period, the employee must have the consent of the former spouse in order to be deemed to have

Section 11A6.1-1 Deemed Elections of FERS Coverage (Cont.)

B. Eligibility (Cont.)

elected FERS coverage. See Part 11A4, Court Orders Affecting An Election of FERS Coverage, for additional information regarding court orders acceptable for processing.

Agency personnel may discover a rehired or converted employee who was automatically placed in FERS and less than a year of the incorrect coverage has elapsed. In this situation, agency personnel should review the employee's service history. If it is to an employee's advantage to remain covered by FERS effective the entrance on duty or conversion date, then the employee should be deemed to have elected FERS coverage. In some situations, it may be to the employee's advantage to be restored to the correct retirement coverage and elect FERS prospectively. In these cases, the coverage error should be corrected and the employee should be permitted to elect FERS prospectively under existing regulations. In either situation, the effective date of the FERS election can only be either the employee's entrance on duty or conversion date, or a prospective date under 5 CFR 846.204(a). Neither the agency nor OPM has the authority to approve an alternative effective date for a FERS election under 5 CFR 846.204(b)(2).

Employees who were erroneously placed in any retirement coverage other than FERS are not eligible for deemed FERS elections. Deemed FERS elections are limited to employees who did not have a FERS election opportunity because they were erroneously placed in FERS.

The deemed FERS elections do not give employees who were placed in the correct retirement system a further opportunity to elect FERS. Under *Killip*, employees who were placed in the correct retirement system are not affected by the deemed elections even if they were not informed of the right to elect FERS or were given inadequate information.

C. Notice Requirement

A current employee, separated employee, or retiree who was erroneously placed under FERS coverage when the individual should have been placed under CSRS, CSRS Offset, or only Social Security, with the right to elect FERS coverage, will remain covered by FERS unless he or she declines FERS coverage. The employing agency must provide written notice to each individual (regardless of whether currently employed, separated, or retired) who is deemed to have elected FERS. The notice must provide the individual a 60-day opportunity period, beginning when the individual receives the notice, to decline FERS coverage and be retroactively restored to the correct retirement coverage.

Section 11A6.1-1 Deemed Elections of FERS Coverage (Cont.)

- C. Notice Requirement (Cont.)** In situations where an employee transfers to another agency and the coverage error is discovered, the new agency is responsible for notifying the employee of the 60-day opportunity to decline FERS coverage.
- If the employee has already separated and the coverage error is discovered by OPM, OPM will notify the last employing agency of the error. Agencies should strive to immediately notify these separated employees of their opportunity to decline FERS coverage and promptly correct the personnel and payroll records so that OPM may timely act upon the separated employee's application for benefits.
-
- D. Documentation Requirement** The employing agency must document the individual's records to reflect his or her decision regarding retirement coverage. Because of the adverse consequences in correcting retirement records, agencies should develop procedures to fully document their counseling and notification efforts as well as employee elections. Agencies may document deemed elections on the SF 3109, or through other means, such as a form letter.
- In the event an employee or former employee does not respond to the agency's notification of the 60-day opportunity to decline FERS coverage, the employee is deemed to have elected FERS coverage effective the earliest date he or she could have elected FERS coverage. Since it is likely that agency personnel will encounter a situation where the employee, or former employee, fails to respond to the 60-day notice, it is imperative that employing agencies develop a procedure for documenting the notice to the employee and the employee's failure to respond to the 60-day notice.
-
- E. Death of Employee During the 60-Day Period** If the individual dies during the 60-day opportunity to decline FERS coverage, any person who would be entitled to receive a current or former spouse survivor annuity benefit had the error in coverage **not** occurred has the right to decline FERS coverage on the deceased's behalf. If no survivor annuity is payable, then the individual(s) entitled to receive the lump-sum credit had the error in coverage **not** occurred, may decline FERS coverage.
-
- F. Time Limits** The time limit for declining FERS coverage is 60 days, beginning the date the employee, former employee, retiree, or survivor receives the notice of the right to decline.
-

Section 11A6.1-1 Deemed Elections of FERS Coverage (Cont.)

G. Waiver of Time Limits

Section 846.204 of Title 5, Code of Federal Regulations, grants agencies broad authority to extend the 60-day time limit. Agencies may extend the 60-day time limit if the individual or survivor exercised due diligence in declining the deemed coverage, but was prevented by circumstances beyond his or her control from declining in a timely manner. An agency's refusal to extend the time limit is subject to reconsideration by OPM and further appeal to the Merit Systems Protection Board.

Agencies can avoid problems concerning the time limit by providing adequate counseling, documentation, and follow-up procedures to assure that affected employees make informed choices during the 60-day period. Agencies are strongly encouraged to follow up on all cases involving deemed elections and to obtain and document written elections whenever possible.

H. Effective Date of Deemed FERS Election

In order to minimize the correction of records, the effective date of the deemed FERS election under OPM's regulations is the **later** of:

- the employee's entry-on-duty date; or
- the beginning of the first pay period commencing after June 30, 1987.

The need to correct the employee's personnel and payroll records will differ depending on when the employee was **first** eligible to elect FERS coverage.

1. Employees Erroneously Placed in FERS Before July 1, 1987

Employees who were erroneously placed in FERS between January 1, 1987, through June 30, 1987, were first eligible to elect FERS coverage during the 1987 open season. In this situation, the effective date of the deemed FERS election would be the beginning of the first pay period commencing after June 30, 1987.

2. Employees Erroneously Placed in FERS After June 30, 1987

Employees who were rehired or converted and erroneously placed in FERS after the 1987 open season (after June 30, 1987) were first eligible to elect FERS coverage on the effective date of the reappointment or conversion action. For these employees, the effective date of the deemed FERS election would be their entry-on-duty date.

Section 11A6.1-1 Deemed Elections of FERS Coverage (Cont.)**I. Correction of Records**

Records correction for employees who do not decline deemed FERS coverage, as well as those employees who do decline FERS coverage, must comply with procedures given in The Guide to Processing Personnel Actions (formerly FPM Supplement 296-33), and are discussed below.

NOTE: In situations where an employee is deemed to have elected FERS coverage, the first eligibility date for Thrift Savings Plan (TSP) participation will also change. Agencies should be aware of TSP eligibility rules and refer to Part 1605 of title 5, Code of Federal Regulations, for additional information on correcting TSP errors.

1. Employees Erroneously Placed in FERS Before July 1, 1987

Since an election of FERS coverage cannot be effective earlier than the beginning of the first pay period after June 30, 1987, the personnel and payroll (including the TSP account) records prior to the correct effective date of the FERS election will need to be amended to show the proper retirement coverage. In addition, the agency should cite 5 CFR 846.204(b)(2)(i) as the authority for the election of FERS coverage.

Example: An employee was automatically placed in FERS on 01/01/87. She should have remained in CSRS Offset. In 1995, her agency discovers the error and notifies the employee by certified mail that she is deemed to have elected FERS, unless she declines within 60 days. The employee completes an SF 3109, Election of Coverage, electing FERS coverage. Since the earliest date she could have elected FERS was the 1987 open season, her personnel and payroll records must be corrected retroactively from 01/01/87 to the beginning of the first pay period after 06/30/87 to show CSRS Offset coverage. Her corrected SF 50 showing the change to FERS coverage will be effective July 5, 1987.

2. Employees Erroneously Placed in FERS after June 30, 1987

If the employee was erroneously placed in FERS after June 30, 1987, as in the case of a rehire or conversion, the only correction action required will be an SF 50, Notification of Personnel Action, showing that FERS coverage, as of the entry-on-duty date was by election. The SF 50 should cite 5 CFR 846.204(b)(2)(i) as the authority for the action.

Section 11A6.1-1 Deemed Elections of FERS Coverage (Cont.)

I. Correction of Records (Cont.)

Elections of FERS coverage are normally effective the beginning of the first pay period after the employing agency receives the election. Under OPM's regulations, in order to minimize the need for corrections where the correction has an inconsequential effect, agencies are not required to correct the personnel and payroll records to reflect an initial pay period of non-FERS coverage for deemed FERS elections effective after June 30, 1987.

Example: An employee was reinstated on 01/15/89. His agency erroneously placed him in FERS, not realizing he had over 5 years of prior CSRS-covered service. The error is discovered in 1994. Because the agency error denied the employee his 6-month election period to elect FERS, he is now deemed to have elected FERS coverage. The agency gives the employee written notice of his 60-day opportunity to decline FERS coverage and instructs him to complete the SF 3109, Election of Coverage, if he chooses to remain in FERS. Unless he declines FERS coverage, the agency will correct the employee's personnel records to show that FERS coverage was by election as of 01/15/89. His payroll records do not need to be changed.

3. Employees Who Decline FERS Coverage

If, after receiving notice, the employee declines FERS coverage, the agency must retroactively correct the personnel and payroll records to reflect the correct retirement code, Thrift Savings Plan, and as appropriate, Social Security records.

Example: An employee was erroneously placed under FERS on 01/01/87. She should have been covered under CSRS Offset. Her employing agency discovers the error in 1996 when the employee requests a retirement estimate. The agency notifies the employee of the error and of her 60-day opportunity to decline FERS coverage. After discussing her options with the agency retirement counselor, the employee determines it would be in her best interest to decline FERS coverage and completes an SF 3109, Election of Coverage, declining FERS. The agency must retroactively correct her personnel and payroll (including TSP) records to show that the employee was covered under CSRS Offset since 01/01/87.

Part 11A7 Due Process Procedures**Section 11A7.1-1 Due Process Procedures**

- A. General** Employing offices make written initial determinations concerning employee eligibility to elect FERS coverage and on other issues relating to a FERS election. All adverse decisions are subject to reconsideration by OPM.
-
- B. Types of Decisions** The following agency decisions are subject to reconsideration by OPM:
- Eligibility to elect FERS coverage;
 - Whether a belated election should be allowed;
 - Effective date of FERS elections
 - Whether a FERS election should be cancelled; and
 - Denial of waiver of the 60-day time limit for declining deemed FERS coverage.
-
- C. Agency Decision-- Requirements** An agency decision concerning an individual's opportunity to elect FERS coverage or the effective date of an election of FERS coverage is subject to reconsideration by OPM. The agency decision must be in writing and include reasons for the decision and the right to request reconsideration.
-
- D. Request for Reconsideration** An employee may request that OPM reconsider an employing office's denial of issues relating to the election of FERS (for example, the effective date of a FERS election, or cancellation of a FERS election that has become effective).
- A request for reconsideration of an agency decision must be filed within the time limit given in paragraph E below. A request for reconsideration must be made in writing and must include the following information about the employee:
- Employee's name;
 - Employee's address;
 - Employee's date of birth and social security number;
 - Name and mailing address of individual at agency who should receive the response;

Section 11A7.1-1 Due Process Procedures (Cont.)

D. Request for Reconsideration (Cont.)

- The reason for the request;
- Copies of any election form completed by the employee (including the OPF copy of any election form that the employee completed when he or she first became eligible for FERS coverage; or, if no completed form is in the file, Part 1 of the form providing verification of receipt);
- A copy of the agency's initial decision denying the request;
- Copies of all SF 50's, Notifications of Personnel Action, documenting beginning and ending dates of appointments, and changes in appointment type;
- Copies of any documents presented by the employee to support the request; and
- The name and commercial or WITS (not DSN or Autovon) telephone number of the person at the employing agency OPM can contact if more information is needed.

The employing office must forward the request to:

**Office of Personnel Management
Agency Services Division, FERS Reconsideration Request
Post Office Box 57
Washington, DC 20044**

E. Time Limit

A request for reconsideration of an agency decision must be filed within 30 calendar days from the date of the agency's decision stating the right to reconsideration. OPM may extend the time limit when an individual documents that he or she was:

- Not notified of the time limit and not otherwise aware of the time limit; or
 - Prevented by circumstances beyond his or her control from making the request within the time limit.
-

F. OPM's Reconsideration Decision

After reconsideration, OPM issues a final decision in writing. The decision is provided directly to the employee, with a copy to the employing agency.

Section 11A7.1-1 Due Process Procedures (Cont.)

- G. Appeals to MSPB** If an individual's rights or interests are adversely affected by a decision made by OPM under this section, he or she may request that the Merit Systems Protection Board (MSPB) review the decision.
-

Part 11A8 Effect of an Election of FERS Coverage

Section 11A8.1-1 Result of Making a FERS Election

A. Cancellation of Designation of Beneficiary Upon Election of FERS Any CSRS designation of beneficiary on file is cancelled on the effective date of an election of FERS coverage. The employee must complete a new designation of beneficiary under FERS on a Standard Form 3102, Designation of Beneficiary, Federal Employees Retirement System, if he or she wants any lump sum credit to be paid to someone other than the individual entitled under the order of precedence. The new FERS designation of beneficiary will apply to an employee's contributions under both CSRS and FERS.

The cancellation of a CSRS designation of beneficiary applies as well to employees who are deemed to have elected FERS coverage. See Part 11A6, Deemed Elections of FERS Coverage, for additional information on deemed elections of FERS coverage.

B. Return of Excess Retirement Contributions Upon election of FERS coverage, certain employees are entitled to a return of any CSRS deductions that exceed the appropriate FERS deductions required for a period of pre-transfer service that will be credited under FERS rules. See Chapter 33, Return of Excess Contributions, for complete information on eligibility and amount of a return of excess contributions.

C. Commencing or Changing Thrift Savings Plan Contributions An employee has 30 days from the effective date of an election of FERS to:

- Elect to contribute to the Thrift Savings Plan (TSP) if the employee was not contributing before election of FERS coverage; or
- Change the contribution amount to the TSP if the employee was already participating in the plan.

Since an employee who is automatically covered by FERS can elect to contribute to the TSP no earlier than the second open season following the effective date of FERS eligibility, employees who are deemed to have elected FERS coverage will require an adjustment in TSP contributions as their earliest date to elect to contribute to TSP will change to the later of their entrance-on-duty date or the beginning of the first pay period after June 30, 1987. For additional information on correcting TSP errors, see Part 1605 of title 5, Code of Federal Regulations.

Section 11A8.1-1 Result of Making a FERS Election (Cont.)

D. Application for Refund

For employees who have separated from the Federal service for at least 30 days and desire a refund of their contributions to the retirement fund, an SF 3106, Application for Refund of Retirement Deductions, is deemed to be an application for refund of both FERS and CSRS contributions. If the former employee transferred to FERS with a CSRS annuity component, the former employee may request a refund of CSRS contributions only. The former employee must attach a statement to the FERS refund application specifying this request. See Chapter 32, Refunds, for complete information on withdrawing contributions to the Civil Service Retirement and Disability Fund.

Part 11A8 Effect of an Election of FERS Coverage

Section 11A8.1-2 Credit for Service Upon Election of FERS

A. General Rules

An employee who elects FERS coverage becomes subject to all provisions of law related to FERS. In general, all of the employee's prior service that was creditable under CSRS provisions is creditable toward length of service requirements for title to an annuity under FERS. Credit for prior service in computing a basic annuity under FERS depends on the type and amount of service before the election to transfer. For additional information regarding creditable service, refer to Chapter 20, Creditable Civilian Service, Subchapter A, for CSRS service credit rules, and Subchapter B, for FERS service credit rules.

Some employees who transfer to FERS will have paid more in employee deductions than is required under FERS. For additional information, see Chapter 33, Return of Excess Contributions.

B. Service Subject to Both CSRS and Social Security

For computation purposes, civilian service performed before FERS coverage begins that was subject to both CSRS deductions and Social Security deductions is creditable under FERS--as long as the employee does not receive a refund of deductions pertaining to that service. The employee may make a deposit into the retirement fund if deductions were made and refunded before FERS coverage began.

NOTE: This provision applies only to service performed after December 31, 1983, that was subject to both CSRS and Social Security deductions (That is, CSRS Interim or Offset service).

The amount of this deposit is 1.3 percent of basic pay plus interest. (See Chapter 21, Service Credit Payments for Civilian Service, for additional information.)

Section 11A8.1-2 Credit for Service Upon Election of FERS

C. Service Subject to CSRS or Social Security Only Crediting civilian service that was performed before the effective date of the election and that was subject to either CSRS or Social Security, but not both, depends on the length of such service. If the total amount of these two types of service performed before the effective date of the election of FERS totals:

- Less than 5 years, the service is creditable under FERS for computation purposes;
 - 5 or more years, the service is credited under CSRS provisions for computation purposes (that is, the employee is entitled to a CSRS component in his or her FERS annuity).
-

D. Military Service If the employee is entitled to a FERS annuity with no CSRS annuity component, all military service performed before the effective date of the FERS election is creditable under FERS rules.

If the employee is entitled to a CSRS annuity component in his or her FERS annuity, all military service performed prior to the effective date of the FERS election is creditable under CSRS rules.

E. Unused Sick Leave Generally, unused sick leave is not creditable for annuity computation purposes under FERS. However, employees who elect FERS coverage and will have a CSRS annuity component may receive credit for unused sick leave in the computation of the retirement benefit. The amount credited will be the **lesser** of:

- the unused sick leave balance as of the effective date of the FERS election; or
- the unused sick leave balance as of the date of retirement.

For additional information concerning crediting unused sick leave, see Chapter 20.

Part 11A9 FERS Open Season

Section 11A9.1-1 History of the FERS Open Season

A. Introduction

During the FERS Open Season, July 1, 1987, to December 31, 1987, most employees covered under CSRS were eligible to transfer to FERS. Agencies provided employees with the RI 90-3, FERS Transfer Handbook, to assist them in making their decision. OPM Form 1555, FERS Election of Coverage (now the SF 3109, Election of Coverage), was used to document receipt of FERS election information and election of FERS coverage.

On December 22, 1987, Congress passed Public Law 100-203. This legislation allowed a belated open season until June 30, 1988, for employees who were prevented from switching to FERS on a timely basis for reasons beyond their control.

B. Employees Eligible to Transfer to FERS

The following employees were eligible to elect FERS during the Open Season:

1. Employees who were covered under CSRS on June 30, 1987;
2. Certain officials who were subject to Social Security coverage on January 1, 1984, and who elected not to be covered under CSRS, if they continued to hold the same type of position through December 31, 1986. See Chapter 101, Special Retirement Provisions for Senior Officials, for more information;
3. Employees who were excluded from CSRS coverage by regulation (for example, term appointments), but were not excluded from FERS coverage and were not automatically covered by FERS on January 1, 1987, because they had at least 5 years of creditable civilian service as of December 31, 1986 (5-year test). (See Chapter 10 for additional information regarding the 5-year test.)

NOTE 1: Reemployed annuitants were eligible to elect FERS coverage as long as the nature of their appointment did not exclude them from coverage by law or regulation.

NOTE 2: Employees who met the criteria in 1, 2, or 3 above and were in a non-duty status (whether or not in a pay status) from June through December 1987, were entitled to elect FERS coverage. Some examples of non-duty status are:

- Employees on extended sick leave;
- Employees in receipt of workers' compensation;

Section 11A9.1-1 History of the FERS Open Season (Cont.)

B. Employees Eligible to Transfer to FERS (Cont.)

- Employees on military furlough;
- Employees assigned to State or local governments (only those who chose to continue retirement coverage while on assignment were eligible to make this election while on assignment); or
- Employees detailed to international organizations (an individual who transferred to an international organization was not eligible to transfer to FERS until he or she was reemployed in Federal service).

CSRS

Individual Retirement Records and
Registers of Separations and Transfers
Chapter 81

FERS

Attachment C

Section 81A2.2-3 Frozen SF 2806's and Redesignating the SF 2806

A. General Rule

When a CSRS employee elects to become covered by FERS, the SF 2806 must be "frozen" or "redesignated." Whether the SF 2806 is "frozen" or "redesignated" depends on whether the employee had enough prior service to have a CSRS component in a future annuity.

Use the following table to determine the appropriate action.

IF AT TIME OF TRANSFER TO FERS:

The employee has a total of at least 5 years of potentially creditable non-offset civilian service under CSRS rules. **THEN THE AGENCY:**

Freezes the SF 2806 for just the CSRS non-offset covered years (see paragraph B below) and initiates an SF 3100.

**IF AT TIME OF
TRANSFER TO
FERS:**

The employee has less
than 5 years of

potentially creditable
non-offset civilian
service under CSRS
rules.

**THEN THE
AGENCY:**

Transfers all
information from the
previous SF 2806 to a
redesignated SF 3100.
In some cases, this
may result in
employees' eligibility
for a refund of excess
retirement
contributions. (See
paragraph C below
and Chapter 33,
Return of Excess
Contributions.)

NOTE: If the employee entered service for the first time on or after 1-1-84,
but before 1-1-87, he or she was automatically transferred to FERS
without any voluntary action. The SF 2806 was redesignated as an
SF 3100 effective January 1, 1987.

Section 81A2.2-3 Frozen SF 2806's and Redesignating the SF 2806 (Cont.)

B. Procedures for "Frozen" SF 2806

General Rule --

The "frozen" SF 2806 is used for employees who transfer to FERS with 5 or more years of creditable civilian service other than CSRS Interim or CSRS Offset Plans as of the effective date of the election to transfer to FERS. A frozen record does not impart FERS credit.

The table below outlines the procedures an agency must follow to "freeze" the SF 2806.

STEP ACTION

- 1 Stop posting the SF 2806 at the end of the pay period in which the election to transfer to FERS is made. Post the effective date of the transfer, the final balance of the employee's retirement withholdings, and the employee's sick leave balance to the frozen SF 2806.
- 2 Start a new SF 3100 that begins with the first pay period after receipt of the election to transfer to FERS. The 3100 should be notated with the effective date of conversion.
- 3 Enter "FROZEN RETIREMENT RECORD" on the "Do Not Use" portion of the SF 2806.
- 4 Transfer the applicable SF 2806's from the CSRS withholding control account to the FERS withholding control account.

NOTE: **Examples 16 and 17** illustrate the SF 2806 and SF 3100 in the case of frozen service.

C. Procedures for Redesignating SF 2806

Agencies must redesignate the SF 2806 as an SF 3100 when an employee transfers to FERS with less than 5 years of creditable non-offset CSRS service. (This usually applies to certain CSRS Offset employees who elect to transfer to FERS.) In such cases, all prior CSRS service covered by the record becomes subject to FERS rules and the employee may request a refund of excess contributions, if there are excess contributions.

Section 81A2.2-3 Frozen SF 2806's and Redesignating the SF 2806 (Cont.)

C. Procedures for Redesignating SF 2806 (Cont.)

The table below outlines the procedures an agency must follow to redesignate the SF 2806 as an SF 3100.

STEP	ACTION
1	Stop posting the SF 2806 at the end of the pay period in which the election to FERS is received by the agency. Agencies maintaining hard copy SF 2806's should strike a total on the actual record as of the end of the pay period in which the election was received.
2	Initiate a new FERS Individual Retirement Record on an SF 3100 for the transferring employee. Total the accumulated salary deductions through the election period and redesignate the SF 2806 as an SF 3100.
3	Annotate the redesignated CSRS record in the REMARKS column (4) as follows: "Elected FERS Effective, (date)." Enter in the "Do Not Use" portion of the SF 2806 the following: "FERS RETIREMENT RECORD."
4	Indicate the effective date of transfer to FERS on both the redesignated SF 2806 and the new SF 3100.
5	Transfer the redesignated CSRS Individual Retirement Record account balance to the agency's FERS control account.

NOTE: Examples 18 and 19 illustrate an SF 2806 redesignated as an SF 3100.

Section 81A2.2-3 Frozen SF 2806's and Redesignating the SF 2806 (Cont.)

D. Automatic Redesignations

Automatic redesignations were required for employees --

- Who first entered Federal service on or after January 1, 1984, but before January 1, 1987; or
 - Who were covered by CSRS Interim rules and who had less than 5 years of creditable civilian service by January 1, 1987.
 - For the history on the FERS open season see the appendix of Chapter 11, Elections of FERS Coverage. For special rules and election opportunities that applied to certain high level officials, see Chapter 101, Special Retirement Provisions for Senior Officials.
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